



U.S. DEPARTMENT OF COMMERCE
Foreign-Trade Zones Board
(B-42-2016)

Foreign-Trade Zone 158 – Tupelo, Mississippi
Notification of Proposed Production Activity
Southern Motion, Inc.
Subzone 158G
(Upholstered Furniture)
Pontotoc and Baldwin, Mississippi

The Greater Mississippi Foreign-Trade Zone, Inc., grantee of FTZ 158, submitted a notification of proposed production activity to the FTZ Board on behalf of Southern Motion, Inc. (SMI), for its facilities in Pontotoc and Baldwin, Mississippi. The notification conforming to the requirements of the regulations of the FTZ Board (15 CFR 400.22) was received on June 17, 2016.

SMI currently has authority to conduct cut-and-sew activity using certain foreign micro-denier suede upholstery fabrics to produce upholstered furniture and related parts (upholstery cover sets) on a restricted basis (see B-45-2014, 79 FR 64167, October 28, 2014). SMI's authority allows for the production of upholstered furniture (chairs, seats, sofas, sleep sofas, and sectionals) for a five-year period, with a scope of authority that only provided FTZ savings on a limited quantity (6.0 million square yards per year) of foreign origin, micro-denier suede upholstery fabric finished with a hot caustic soda solution process (*i.e.*, authorized fabrics). All foreign upholstery fabrics other than micro-denier suede finished with a hot caustic soda solution process (*i.e.*, unauthorized fabrics) used in SMI's production within Subzone 158G are subject to full customs duties.

The current request seeks to add new foreign-status components and certain polyurethane-type fabrics to the scope of authority. Pursuant to 15 CFR 400.14(b), additional FTZ authority would be limited to the specific foreign-status materials and components and specific finished products described in the submitted notification (as described below) and subsequently authorized by the FTZ Board.

Production under FTZ procedures could exempt SMI from customs duty payments on the foreign-status fabrics and components used in export production. On its domestic sales, SMI would be able to apply the finished upholstery cover set (*i.e.*, furniture part) or finished furniture duty rate (free) for the previously authorized fabrics and the additional fabrics and components (indicated below). Customs duties also could possibly be deferred or reduced on foreign-status production equipment.

The components sourced from abroad include: linear actuators and motors; transformers; power adaptors; handset controllers; power cables; and, Y-cables (duty rate ranges from 1.6% to 2.8%). The expanded scope of authority to admit foreign-status fabrics to Subzone 158G would only involve polyurethane fabrics backed with ground leather (5903.20.2500) and wet coagulation process 100 percent polyurethane coated fabrics (5903.20.2500), as detailed in the notification (duty rate: 7.5%). All other foreign, unauthorized upholstery fabrics used in the production activity would continue to be admitted to the zone in domestic (duty paid) status.

Public comment is invited from interested parties. Submissions shall be addressed to the FTZ Board's Executive Secretary at the address below. The closing period for their receipt is **[INSERT DATE 40 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

A copy of the notification will be available for public inspection at the Office of the Executive Secretary, Foreign-Trade Zones Board, Room 21013, U.S. Department of Commerce,

1401 Constitution Avenue, NW, Washington, DC 20230-0002, and in the “Reading Room” section of the FTZ Board’s website, which is accessible via www.trade.gov/ftz.

For further information, contact Elizabeth Whiteman at Elizabeth.Whiteman@trade.gov or (202) 482-0473.

Dated: June 20, 2016.

Elizabeth Whiteman
Acting Executive Secretary

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